GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4238
ANSWERED ON:04.05.2007
ASSISTANCE TO CO OPERATIVE BANKS FOR LOAMS TO FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Co-operative banks arc facing difficulties in providing loans at lower rate of ir.terest to farmers in the absence of any sort of financial assistance from Union Government and. State Governments;

(b) if so, the details thereof;

(c) whether the Co-operative banks have apprised the Union Government and State Governments in this regard;

(d) if so, the-action :aken by the Union Government in this regard;

(e) whether the Government is formulating any scheme to improve the iinancial conditions of the Co-operative banks so as to enable them in granting loans to farmers at lower rate of interest; and (i) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (f) : To reduce the burden of interest on Crop Loans availed by farmers, an amount equal to two percentage points of the borrower`s liability on the principal amount upto Rs.1,00,000/- each for Khaiif and Rabi 2005-06 was credited to their account. Thereafter, f-om Kharif 2006, to ensure that the farmer receives Short-Term Production Credit -at 7% with an upper limit of Rs.3 lacs on the principal amount, the Government is providing interest subvention of 2% per annum to Public Sector Banks, Regional Rural Banks(RRBs) and Cooperative Banks on their lending from their own resources and refinance at concessional rates to cooperative banks and RRBs on tt;ir borrowings from NABARD.
Further based on the recommendations of the Vaidyanathan Committee, a revival package for Short Tsrm. Co-operative Credit Structure has been approved in consultation with the State Governments. 15 states and one Union Territory have so far conveyed their consent to implement the package. Special audit of the Primary Agriculture C-edit Societies (PACS) is in progress in ten States which have executed Memorandtim of Understanding (MoU) with NABARD and Government of India for implementing the Package.